



DEPARTMENT OF THE NAVY
NAVAL AIR SYSTEMS COMMAND
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS
WASHINGTON, DC 20361 -0001

IN REPLY REFER TO
NAVAIRINST 7040.17
AIR-8011
25 Apr 88

NAVAIR INSTRUCTION 7040.17

From: Commander, Naval Air Systems Command

Subj: BUDGET POLICY FOR GENERAL PURPOSE AUTOMATED INFORMATION
SYSTEMS EQUIPMENT AND SOFTWARE

Ref: (a) SECNAVINST 5230.4
(b) NAVCOMPT Manual vol. 7, par. 075371
(c) NAVCOMPT Manual vol. 7, par. 074623
(d) NAVAIRINST 7040.13E

1. Purpose. To issue budget policy for general purpose automated information systems (AIS) equipment and software.

2. Scope. The provisions of this instruction are applicable to general purpose (AIS) as defined in reference (a).

3. Budget Policy. The following budget policy applies to general purpose AIS equipment and software and is contained in references (b) and (c).

a. Computer Equipment. Procurement of AIS equipment is governed by the unit cost expense/investment threshold as defined in reference (d), enclosure (2). For nonindustrial fund activities AIS procurements defined as expenses are budgeted in appropriations available for operations and maintenance, i.e., Operations and Maintenance, Navy (O&M,N) or Research, Development, Test and Evaluation, Navy (RDT&E,N). Procurements defined as investments are budgeted in Other Procurement, Navy (OPN), or if in direct support of a research and development program, RDT&E,N appropriations. AIS procurements for industrial fund activities are funded by the industrial fund in accordance with reference (c). Hardware acquisitions (including peripherals) financed as investment costs include "turnkey" acquisitions. A "turnkey" acquisition is a procurement wherein a single contractor provides both equipment and its installation in a real property facility on a single contract, and the equipment is accepted by the Government after installation. Also financed as investment costs are standard, existing executive software packages, (i.e., operating systems) to be used without modification, which are available with the purchase of the investment funded AIS equipment; integration of executive software with the equipment on a single contract to produce a usable end item; and proprietary software data bases.

b. Operational Automated Information System Support. The activity that operates the AIS system will budget for

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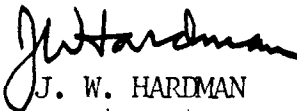
operational costs in appropriations/funds available for expenses. Operational costs include: personnel; maintenance; equipment rental; consumables; modification of executive software subsequent to acceptance of the AIS equipment; preparation of applications software; software product improvement; systems alteration and software maintenance; equipment relocation, including utilities and installation; and construction projects not in excess of the amount currently authorized to be financed by the various appropriations/funds.

c. Servicewide or Unique System Development. The office or command which sponsors a new servicewide or unique AIS system is financially responsible for all preoperational costs including procurement, installation, test operations, all types of software, and software maintenance and update, regardless of where the system is installed. Generally, the preoperational funding responsibility terminates at the end of the fiscal year of installation and testing, at which time the operational support costs become a responsibility of the user.

d. Optional Use of Standard System. Subject to chain-of-command approval, activities may request the assistance of AIS system sponsors in the implementation of programs that are standard within the jurisdiction of the sponsor but not mandatory on a servicewide basis. In such situations the requesting activity is responsible for funding the out-of-pocket costs incurred by the sponsor in providing assistance with system implementation.

e. Management Systems Development for Industrial Fund Activities. The costs of management systems development and improvement effort for industrial fund activities are funded by the industrial fund per reference (c).

f. Remote AIS Equipment. The criteria for determining the financial responsibility for remote AIS equipment depends on the factors of location and complexity. Remote AIS equipment that is located at the user's facility which does not require operating personnel from the Navy Regional Data Automation Center is the financial responsibility of the user. Since the remote AIS equipment is for the benefit of the user and requires dedicated lines/modems to function, it follows that the cost of such is also the financial responsibility of the user.


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Comptroller
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